Purchase preference to PSUs

642. SHRI MOTIUR RAHMAN: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether any purchase preference has been given to Public Sector Undertakings (PSUs) and if so, the details thereof;

(b) the reasons for giving purchase preference to PSUs; and

(c) whether there is any proposal to extend the same purchase preference to Kendriya Bhandar since Government have invested money in its share capital?

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV): (a) to (c) The Purchase Preference Policy was introduced in 1992 replacing the earlier policy of price preference. The objective of the policy is to provide a level playing field to the Central Public Sector Enterprises (CPSEs) in the wake of globalization/liberalization as well as to provide an opportuity to adjust themselves in the new environment of competition. The policy aims to help increase the capacity utilizaton in CPSEs. This policy provides purchase preference (to CPSEs) for supplying goods and services to the Government Departments, Autonomous Bodies and other PSEs at L1 price if the price quoted by the supplying CPSE is within 10% of the lowest valid bid price, other things being equal. Purchase preference support is to be extended to the contracts including civil and turnkey contracts, the value of which should be within Rs. 5 crore and above but not exceding Rs. 100 crore. Respective Ministries/ Departments are responsible for implementing the Purchase Preference Policy. The present Purchase Preference Policy has not been applicable for Pharma Sector CPSEs. The Government has however recently decided to grant purchase preference exclusively to Pharma CPSEs and their subsidiaries in case of 102 medicines manufactured by them. Purchase Preference Policy will continue to be in force until 31.3.2008. Kendriya Bhandar is not a CPSE. It is a welfare project of Government of India under the Ministry of Personal, Public Grievances & Pensions.

Modernisation of Public Sector Companies

643. SHRI S. ANBALAGAN: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) the steps taken by Government to improve the functioning and

increase the profitablity of Navratana Public Sector companies particularly to modernise them to ensure international competitiveness; and

(b) the results achieved during the last two years, company-wise?

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV): (a) Navratana Central Public Sector Enterpries (CPSEs) had been delegated powers to incur capital expenditure without any monetary ceiling, enter into technology joint ventures or strategic alliances and obtain technology and know-how in 1997. The Government in August, 2005 has further enhanced the powers delegated to the Boards of Navratana CPSEs in the area of establishment of joint ventures/subsidiaries. They have also been delegated powers for mergers and acquisitions within prescirbed limits, etc. The performance of Navratana CPSEs is reviewed periodically by the concerned Administrative Ministries/ Departments and by the Apex Committee once in three years. These steps are expected to improve their functioning, increase profitability and international competitiveness.

(b) The enclosed statement indicates the net profit of Navratana CPSEs during the years 2004-05 and 2005-06.

Statement

Net Profit of Navratana Central Public Sector Enterprises (CPSE) during the years 2004-05 and 2005-06

Net Profit

(Rs. in crores)

Sl. No.	Name of CPSE	2004-05	2005-06
1	Bharat Heavy Electricals Limited	953.4	1679.16
2	Bharat Petroleum Corporation Limited	965.8	291.65
3	GAIL (India) Limited	1953.91	2310.07
4	Hindustan Petroleum Corporation Limited	1277.33	405.63
5	Indian Oil Corporation Limited	4891.38	4915.12
6	Mahanagar Telephone Nigam Limited	938.98	580.29
7	National Thermal Power Corporation Limited	5807.01	5820.02
8	Oil & Natural Gas Corporation Limited	12983.05	14430.68
9	Steel Authority of India Limited	6816.97	4012.97
	TOTAL:	36587.83	34445.87